

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4022
ANSWERED ON:09.12.2016
Payment of Dividends by PSUs
Ashok Kumar Shri K.;Galla Shri Jayadev

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has asked the Public Sector Undertakings (PSUs) to buy back shares with surplus money that they have, if so, the details thereof; and
- (b) whether the Government has asked the PSUs to pay dividends with the idle funds lying with them to improve the Government's receipt during the current financial year, if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a): Central Public Sector Enterprises (CPSEs) take a decision on deployment of surplus funds at their Board level and may consider the need for capital restructuring, including buyback of the shares as per the extant guidelines. The Government has the option to consider the offer of buyback by the CPSEs on case to case basis and may participate in the process as an investor.

(b): In line with announcement made in the Budget 2016-17, the Government has issued comprehensive "Guidelines on Capital Restructuring of CPSEs" on 27th May, 2016. These guidelines, inter-alia, provide that CPSEs would pay a minimum annual dividend of 30 per cent of PAT or 5 per cent of the net-worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions. However, CPSEs have also been provided flexibility in using its net-worth for augmenting funds, provided the same is optimally leveraged for meeting their capital expenditure (Capex)/Business expansion needs.
